

**Efficiency Maine Trust
Board Meeting Minutes
March 28, 2018**

Trust Board Members:

- David Barber
- Brent Boyles, Treasurer (via phone)
- Dan Brennan
- Herbert Crosby, Secretary (via phone)
- Ken Fletcher, Chair
- Al Hodsdon
- Don Lewis (via phone)
- Steven McGrath
- David Stapp, Vice Chair (via phone)

Efficiency Maine Trust (EMT) Staff:

- Ian Burnes
- Emily Cushman
- Peter Eglinton
- Monté Haynes
- Greg Leclair
- Laura Martel
- Michael Stoddard

Other Attendees:

- Sue Ely, NRCM
- Michelle Marean, DNV GL
- Matt Morrison, Maine Energy Marketers Association (MEMA)

1.0 Welcome and Introductions

Mr. Fletcher called the meeting to order at 9:30 a.m.

2.0 Approve Agenda and Minutes

Mr. Brennan asked that the February Board Meeting Minutes clarify that he was *not* present.

ACTION: Upon a motion duly made (Mr. Barber) and seconded (Mr. Hodsdon), the Board voted unanimously to approve the agenda and the corrected February Board Meeting Minutes.

3.0 Public Comment on Agenda Items

None.

4.0 Executive Director's Report

Mr. Stoddard summarized the Executive Director's Report. Following are items highlighted during his presentation:

- Staff filed the 2018 Annual Update at the Public Utilities Commission (PUC), as approved by the Board at its last meeting. Natural gas utilities filed data requests.
- Natural gas and all-fuels measures through the Commercial and Industrial (C&I) Prescriptive Program (CIP) have seen an uptick in activity since the program's

shift to a “midstream” delivery channel. Offering instant rebates at the distributor level is proving to have a strong influence on purchasing decisions.

- The Home Energy Savings Program (HESP) loan program experienced significant challenges in December and January due to a poorly executed transition by the service provider to a new location and change in staff. February activity was relatively high, as the service provider caught up on the backlog accumulated during this changeover. After a four-week suspension, the program is now accepting new loans.
- The Consumer Products Program is showing steady growth in heat pump water heater sales as plumbers become increasingly familiar with the technology.
- With newly budgeted Regional Greenhouse Gas Initiative (RGGI) revenues in EMT’s Low Income Initiatives program, staff is considering reintroducing enhanced ductless heat pump (DHP) incentives for qualifying low income customers. The previous iteration of this offer (rebates of 80% up to \$2,000) was discontinued in early FY2018 due to limited RGGI funding.
- EMT hired Cadmus to conduct an assessment of Maine’s C&I lighting baseline. Results of the study will be used to inform the Triennial Plan IV potential study.
- EMT issued an RFP seeking services to run the Call Center.

5.0 Planned Business

(a) APPROVE Board Officers

Mr. Fletcher said he is continuing to work with the Trustees to finalize a slate of Board Officer positions. He requested moving the vote on this item to the April Board Meeting.

(b) UPDATE on Financial Reports

Mr. Leclair stated that revenues are coming in as forecasted. Mr. Stoddard noted that the most recent RGGI auction generated slightly less revenue than anticipated; though the allowance price remained the same as last quarter, fewer allowances were sold. He explained that the Maine Department of Environmental Protection (DEP) sets aside a certain number of allowances for specific accommodations and claims. Because the agency released the prior year’s unused portion of those allowances in the December auction, the volume of allowances increased in that one auction. The volume of Maine allowances sold at the December auction is not a trend that will continue over four quarters, but rather should be expected to apply only once per year. While the Staff did not realize this when it made its most recent forecast of RGGI revenues, Mr. Stoddard said EMT would account for this possibility in future RGGI revenue estimates.

(c) APPROVE Amendments to Efficiency Maine Trust Policy on Contributions and Travel

Mr. Stoddard explained that EMT is required to provide the Legislature with various financial reports. Among these is an annual report on spending in certain designated categories. In her most recent review of this report, the Legislative Analyst noticed that EMT’s Procurement Policy did not explicitly reflect the statutory requirements associated

with the “Contributions” and “Travel, Meals, and Entertainment” categories. These requirements include (1) limiting contributions to applications that are directly related to EMT’s mission and activities, (2) budgeting and accounting for spending in these categories separately from other expenditures, and (3) providing the Board with periodic spending reports. Mr. Stoddard observed that while EMT currently adheres to these requirements, the EMT Procurement Policy does not reflect the statutory language making such practices a requirement. Mr. McGrath asked about considerations for political contributions. Mr. Brennan explained that there is a separate state law covering this specific category.

ACTION: Upon a motion duly made (Mr. Lewis) and seconded (Mr. Barber), the Board voted unanimously to approve the March 28, 2018 amendments to the Efficiency Maine Trust Procurement Policy.

(d) DISCUSS Board Committees and Procurement Process

Mr. Fletcher led a discussion regarding operation and organization of Board Committees and procurement Review Teams. He indicated that the Board would have three standing committees: 1) Finance and Administration, 2) Programs, and 3) Strategic Initiatives (to cover topics such as evaluations and innovation pilots). He explained that these committees would provide a platform for information exchange, but not decision-making. To avoid a quorum of the full board, each committee would be limited in seating no more than four Trustees. Committee meetings would be open to the public and subject to public notice.

Mr. Fletcher also discussed Board members participation in reviewing and awarding grant proposals submitted in response to various competitive solicitations. These “Review Teams” are involved in the C&I Custom Program, the Renewables Program, the Innovation Program, and certain third-party evaluations. Mr. Fletcher reported that going forward, the C&I Custom Review Team will review *all* custom projects, no matter how small the proposed incentive. He further clarified that the C&I Custom Review Team is empowered to seek a “second opinion” through a contracted third-party expert if and when necessary. Mr. Stoddard added that C&I Custom Review Team members are encouraged to ask for a “time out” if they have unanswered questions or do not feel that they comfortable with a certain aspect of the project analysis.

Mr. Lewis expressed frustration over his perception that C&I Custom Review Team members are restricted from sharing project details publicly. He suggested that the Review Team meetings be public. Mr. Stoddard reviewed that the Trust’s rules and procedures for grant procurement. The rules provide that during a bid review, project proposals are treated as “confidential,” but after the bid has been awarded, the bids become public.¹ The only exception to that is that customer-specific energy usage, certain financial data, and proprietary business information will remain confidential and not divulged, consistent

¹ EMT Rule, Chapter 1 -- *Contracting Process For Service Providers And Grant Recipients*. This rule specifically states that “[t]he bids received in response to an RFP, RFQ or PON shall be treated as confidential and not subject to public disclosure from the date of submission until notification of the contract award by the Contract Administrator. After the notification of the contract award, the bids become public documents.”

with state law. This is defined in statute and applies to all EMT programs. Mr. Stoddard clarified that the project overviews (Technical Review Summaries) provided to the C&I Custom Review Team members are not inherently confidential, nor is EMT's energy analysis. Nevertheless, they often contain confidential information and the Staff, Trustees and contractors involved must take care to treat that information appropriately.

There was a discussion about the value of giving confidential treatment to elements of a review process. Mr. Stapp noted that, in his past experience with federal grants project details are kept confidential during screening, and said he would not support making the public a part of the selection process. Mr. Barber concurred. Mr. Fletcher suggested that opening the process up to the public would likely result in input beyond the bounds of a technical review, and may also dissuade applicants from submitting proposals. He suggested that the Board revisit this issue at the April Board Meeting. Mr. Stoddard clarified that EMT would proceed with the proposed Board Committee assignments; he requested that any Trustees having concerns about these assignments contact Mr. Fletcher directly.

(e) UPDATE on Ductless Heat Pumps

Mr. Burnes provided an overview of EMT's recent modeling of operating costs of a high-efficiency, cold-climate Ductless Heat Pump (DHP) used to supplement a central heating system. He explained that staff set out to answer the question: During the heating season, when should you turn off your heat pump? Because DHP performance varies with outdoor temperature, the effective price of heating with a DHP varies under different conditions. Some parties have suggested that customers should turn off the DHP when temperatures are cold and the effective price of making heat with the DHP is relatively more expensive than when temperatures are warmer. EMT hired a consultant to model, using conservative assumptions, how DHP heating costs compare to the costs of heating with a typical oil-fired central heating system.

As Mr. Burnes reported, the modeling assumed that the DHP is a supplementary heating source, with the central oil system continuing to run on a lead-lag setting. Using a single-head Fujitsu 15 (the most common high-efficiency, cold-climate model installed by HESP participants), the modeling showed it remains cheaper to use the DHP to make heat until the outside temperature sinks below approximately -5°F.

The modeling then used typical meteorological year (TMY) data to determine the average number of hours per year in which the temperature falls below that threshold for different geographic locations. Calculations showed that, if a Portland resident turned off her DHP every time the temperature went below -5°F and heated exclusively with oil until the exact moment that the temperature came back up above -5°F, she would save approximately \$0.10 per year. A Caribou resident would save approximately \$4.59 per year. If, hypothetically, these residents were to turn off their DHPs any time temperatures fall below 32°F, they would forego \$196 and \$203 in annual savings, respectively.

Based on this analysis, EMT staff feels confident that it can recommend that customers leave their DHPs running during the entire heating season. Mr. Lewis asked if EMT has conducted customer surveys to determine why people are turning them off. Mr. Burnes explained that there is some misinformation circulating in the marketplace. Mr. Burnes

noted that his own oil dealer suggested he turn off his DHP when temperatures fall below 32°F. Mr. Stoddard indicated that EMT will make plans to meet with the Maine Energy Marketers Association to discuss the analysis and appropriate ways to message information about heat pump performance and optimal operation. Mr. Burnes added that EMT is mostly interested in *post*-install data, and is currently monitoring performance over 100 homes.

(f) UPDATE on 128th Maine Legislature

Mr. Stoddard provided an overview of the Second Session of the 128th Maine Legislature. Following are the bills highlighted in his presentation:

- LD 1657 codified Maine’s decision to remain involved in RGGI through 2030. The bill became law in February.
- LD 822 adds “large-volume agricultural businesses” to the group of large natural gas users that are exempt from paying a conservation assessment on any usage above 1 million CCF. The bill passed out of the Energy, Utilities and Technology (EUT) Committee with a unanimous vote.
- LD 1745 calls for the establishment of a Wood Energy Program, where EMT would provide loans and incentives for wood-fueled thermal energy projects. The program would be supported with any funds recovered from the PUC’s ongoing investigation into Stored Solar in the event it failed to meet its contractual agreement associated with the 2015 biomass generator subsidy. The EUT Committee issued a divided report along party lines.
- LD 1848 extends the Arrearage Management Program (AMP) by three years. Discussion in the EUT Committee centered largely around enhancing EMT’s measure offerings moving forward. The bill passed out of the EUT Committee with a unanimous vote.
- LD 1487 proposes to declare that it *is* in the public interest to have a third party nontransmission alternative (NTA) coordinator, and calls on the Office of the Public Advocate to convene a stakeholder group to study and prepare recommendations for legislative consideration. The EUT Committee issued a divided report. Though the vote was generally split along party lines, Sen. Woodsome (R) voted in the majority that it ought to pass.
- LD 260 elevates the Governor’s Energy Office to the “Maine Energy Office,” overseen by a Commissioner rather than a Director. Though it originally called for a \$300,000 transfer of EMT funds to support the office, subsequent amendments changed to drawing the funding from the General Fund. The bill passed out of the EUT Committee with a unanimous vote.
- Two study bills came forward – one related to energy storage (LD 1741) and the other to rising electricity delivery costs (LD 1700). Both bills noted that EMT should be available to offer input and guidance. LD 1741 was killed in the Senate. The EUT Committee decided to kill LD 1700 and issue a Joint Order serving the same purpose.

6.0 New Business

None.

7.0 Next Meeting Agenda and Scheduling

The next Board meeting is scheduled for April 25, 2018.

ACTION: Upon a motion duly made (Mr. Hodsdon) and seconded (Mr. McGrath), the Board voted unanimously to adjourn the Board meeting at 12:22 p.m.